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THE "MISSION" OF THE PRESIDENT OF THE TOBACCO INSTITUTE fell

The prime necessity for the Tobacco Institute is 1) aggressive, efficient and imaginative leadership, 2) served by competent staff in 3) the attainment of specific and well defined goals.

While the Tobacco Institute serves the industry in various ways, the relation of tobacco to health and punitive and restrictive legislation are the most serious problems facing the industry today and take precedence over every other consideration.

The Institute's basic objectives are as follows:

1. To restore perspective to the subject of smoking and health.
2. To prevent the imposition of punitive or restrictive legislation, at Federal, state or local levels.

It is suggested that the President will, at the outset, concern himself with:

1. The current and proposed programs of the Institute.
2. The resources of the Institute: is it properly organized to accomplish the desired ends?
3. The competence of existing staff and advisors, including Hill and Knowlton.

Functionally, the Institute's activities fall in these areas:

1. Federal relations.
2. State relations.
3. Relations with other tobacco groups and industry suppliers.
4. Relations with industries with similar or potentially similar problems.
5. Communications and information activities.

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What follows is a brief discussion of each of these functional areas.

1. Federal Relations

a) Legislative. The last Congress enacted cigarette labeling legislation. It can be expected that anti-tobacco forces, notably the National Clearinghouse on Smoking and Health, the American Cancer Society, the National Interagency Council on Smoking and Health, headed by Emerson Foote, the American Heart Association, and quite possibly the Surgeon General, will in the next and succeeding Congresses move actively to impose restrictions and restraints on cigarette advertising, or other restraints that would hurt every segment of the industry. Resistance to such efforts is a prime function of the Institute. In the past, responsibility in this area has necessarily fallen on Senator Clements but it is a responsibility of the Institute and all of the agencies available to it, including Tobacco Growers' Information Committee, Ad Hoc, The Council for Tobacco Research--U.S.A., etc. (See later discussion of these groups.) Senator Clements is, of course, available to the Institute and you may expect Senator Clements' full cooperation.

b) Department of Health, Education and Welfare. The absence of any significant dialogue between HEW and the tobacco industry is regrettable. It is suggested that the President consider with the Executive Committee the practicability of establishing contact with the new Secretary of HEW and the new Surgeon General.

The more exaggerated anti-smoking efforts of Public Health Service units could, for example, be advantageously discussed.

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c) Federal Trade Commission. It is expected that the FTC will quickly seek to establish some sort of control over cigarette advertising as it may relate (or will be claimed to relate) to "negation" of the warning legend on cigarette packages. While this attack will fall initially and directly on the individual companies, there are a number of respects in which the Institute can be of tremendous help.

For example, we should devote considerable effort to obtaining the support and cooperation of industries that potentially have similar problems with FTC encroachment on business.

Public opinion studies might be helpful in connection with the report required of the FTC under the Cigarette Labeling Act.

d) Department of Agriculture. The tobacco industry has a continuing relationship with the Department of Agriculture, with which the existing staff of the Tobacco Institute is thoroughly familiar.

Beyond this, the Department of Agriculture should be brought into some more active and cooperative relationship with the industry -- grower and manufacturer alike -- in respect to smoking and health.

e) Treasury Department. The opponents of smoking have not yet sought to make use of heavier Federal taxation as a restrictive measure, but the Institute should remain alert to that possibility and should be capable of acting effectively at top levels of Treasury should such an effort develop.

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2. State Relations

The Institute has heretofore limited its liaison with state legislatures to or regulatory legislation other than imposition of increased taxes. The position of taxes has been left largely to the Tobacco Tax Council. Increasingly, however, the movement toward increased taxes is now being tied to efforts to curtail smoking, notably in the state of New York. This trend is expected to grow and would limit every segment, from the grower to the retailer.

The President should at his earliest opportunity very carefully review:

- a) The Institute's existing organization throughout the states to forestall repressive legislation generally, and
- b) The degree, extent, and success of cooperation between Tobacco Institute and the Tax Council. There are inherent problems in the circumstances of the two organizations operating independently at the state level. If no practical way can be found for merging the two organizations or for closer coordination at all levels, then the Institute should devise operational practices to permit the two organizations to operate without conflict or waste motion at the state level.

3. Relations With Other Tobacco Related Groups, and Suppliers

Practical procedures can and should be developed to provide overall integration and coordination of industry and industry-related organizations -- where our goals are common -- so that industry objectives are met.

A. Special Tobacco-Related Groups

- a. The Council for Tobacco Research--U.S.A. CTR has over the years made grants for research totaling about \$8 million. Recently, the industry has recognized the need for additional research of more immediate practical

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value in the industry's defense. Accordingly, CTR is now authorized to carry on certain "Special Projects" assigned from time to time by the industry.

b. The Ad Hoc Committee is composed of lawyers representing each of the six major cigarette manufacturers and was set up originally to assure efficient handling of medical evidence, and provide witnesses in health litigation. More recently Ad Hoc has been charged with preparing a compendium of needed research, both "practical" and basic. From the list of practical projects, Ad Hoc, with general counsel for the six companies, has prepared a list of priority projects. These projects, some of which are the responsibility of CTR-Special Projects and others the responsibility of Ad Hoc have been authorized and should be in course of implementation. The list of such priority projects is attached.

c. The Tobacco Growers' Information Committee was formed some years ago by the leadership of groups representing tobacco growers, dealers and warehousemen; its operating chief is William H. W. Anderson, secretary-treasurer. While none of the major manufacturers are members of TGIC, the Tobacco Institute contributes about 49 percent of the budget.

Stronger efforts must be made to mobilize farm area opinion. The leadership in this segment of the industry is, generally, well aware of the threat to their segment of regulatory and repressive legislation. However, the tobacco growers, and many if not most of the smaller dealers and warehousemen, have never had brought home to them the grave danger to their economic well-being.

The value of this activity lies in developing effective political leverage and extending awareness of the danger of repressive legislation from the manufacturer to the much broader base of grower, dealer, warehouseman, etc.

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Encouraging discussions have been held with representative leaders of most of the grower, dealer and warehouse groups. While some plans have been outlined, they have not been drawn in final form, nor has any authorization been given to proceed. This should have immediate attention.

d. The Tobacco Tax Council, headquartered in Richmond, Va., (William O'Flaherty, executive director), was originally formed under the leadership of the National Association of Tobacco Distributors (which has since withdrawn) with leaders of the various growers, dealer warehouse groups and others. While only one cigarette manufacturer (Larus & Brother) is a "member," each of the six major manufacturers makes major financial contributions to approximately 95 percent of the total budget. TTC is charged with combating the imposition or increase of cigarette and tobacco taxes at the state level. (See discussion under No. 2.)

While the above-named groups need further coordination and "direction," they are also available to provide service and advice to the President.

B. Wholesaler and Retailer Groups

Efforts must be made to develop closer cooperation and coordination with the National Association of Tobacco Distributors and Retail Tobacco Dealers of America. This area involves special problems for further discussion.

The National Automatic Merchandising Association (NAMA) and other industry-related groups should also be brought into the tent.

C. Supplier and Other Related Industries

Further efforts are required to develop better understanding among industries that have a pocket-book interest in the tobacco industry.

D. Other Research Institutions and Groups

Working with CTR, efforts should be made to establish improved coordination and a useful dialogue with important research agencies, such as Sloan-Kettering,

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American Medical Association Education and Research Foundation, the American Heart Association and others.

5. Communications and Information Activities

Until the first hearings in Congress before the House Committee on Interstate and Foreign Commerce in 1964, the posture of the industry for some time had been essentially defensive. Two major considerations led to this policy:

a) the possible effect on litigation of statements which might be construed as assurances of safety, and b) the belief that to engage in active controversy during the pendency of the Surgeon General's Committee Report was unwise.

Publication of the Surgeon General's Report in January 1964, the Congressional hearings in 1964 and 1965 and the ultimate enactment of the Cigarette Labeling Act brought us to what we believe is a totally new terrain. The old defensive posture is no longer wise nor adequate to our needs. New and more positive programs are essential.

The Institute's objectives in this area are to restore perspective to the smoking and health question and to provide support for opposition to restrictive and punitive legislation.

To that end the full resources of the Institute must be directed toward a consistent and positive program to gain public exposure to research results and scientific opinions that question the charges against smoking and that point up the complexities of those diseases with which smoking has been statistically associated.

This is a highly demanding task and will require the utmost in imagination and creativity by the Institute staff and advisors.

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Continuing activities should include speeches, interviews, news releases, special lay publications, background materials for the press and other materials that present the industry case.

Special information materials should be available for use in educating special groups, such as Federal and state legislators, farmers, supplier industries, and industries with current or potential similar problems. In this area, special attention must be paid to communicating with the scientific and medical communities.

The President should examine the value and effectiveness of all current public relations programs and publications, with special attention to those activities that are not directly related to the tobacco and health situation or potential legislative problems.

Essential to successful communications activity is a sound system for evaluation and analysis of research knowledge and new research developments. The President should evaluate, with CTR and Ad Hoc, the adequacy of current facilities for evaluating research and information retrieval.

Part of the Institute's concern lies in stimulating, through CTR-Special Projects, Ad Hoc, or others, the development of practical research that will help restore perspective. Both CTR and Ad Hoc are now implementing some projects in this area. (See appended list.)

Upon completion of such projects, it is a responsibility of the Institute to help bring the results of this research to the attention of various segments of the public, with the aid and advice of CTR and Ad Hoc as appropriate.

To help develop sound programs, the Institute should, in consultation with experts in the field, consider the advisability of initiating public opinion and attitude surveys.

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